Knoxville’s Community Development Corporation

FY 2018 Proposed Operating Budgets
FY2018 Operating Budgets
Operating Budget Process

• Collaborative process between Accounting Division, Program Staff and Management
• Accounting Division: Fixed Costs and some Variable Costs
  – Example: Wages, Interest, Insurance
• Program Staff: Variable Costs
  – Example: Administrative, Maintenance, Utilities, Non-routine
• Managerial Review
• Asset Management Model
  – Project-based accounting and budgeting, fee-for-service model
• HUD Board Resolution: Public Housing
• Other Board Resolutions: Central Office Cost Center (COCC), Section 8, Redevelopment, The Manor, Multi-Family Housing and KHDC (separate agenda)
Public Housing Operating Program
Public Housing Properties by FYE 2018 (2,214 units)

- Western Heights ~ 440 units
- Austin Homes ~ 129 units
- Love Towers ~ 249 units
- Taylor Homes ~ 144 units
- Lee Williams ~ 173 units (2 months only; demolition pending)
- Cagle Terrace ~ 274 units
- Northgate Terrace ~ 277 units
- Montgomery Village ~ 380 units
- Isabella Towers ~ 236 units
- Passport Homes ~ 11 units (6 months only)
- Passport Residences LP ~ 50 units-admin only (6 months only)
- Verandas ~ 42 units (6 months only)
- Five Points Multiplexes ~ 17 units (6 months only)
- Eastport School ~ 25 units and Residences at Eastport LP ~60 units -admin only
Public Housing
Operating Subsidy Assumptions

• Subsidy is estimated at $11,013,400
• Pro-ration was 85% for 2017 Formula
• Pro-ration estimate at 80% for 2018 Formula

• Revenues include:
  - Subsidy (Property and utility expense level (+) add-ons (–) dwelling rent)
  - Tenant Rent
  - Other Tenant Related Charges
  - Other Income
  - Investment Income

• Expenses include:
  - Administrative
  - Resident Services
  - Maintenance and Security
  - Utilities
  - Insurance, Other General Expenses, and Capital Replacements
# Public Housing Budget

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Revenue</td>
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<td>Expenses</td>
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<td>Subtotal</td>
<td>$211,870</td>
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<td>Capital/Non-Routine</td>
<td>($613,230)</td>
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<td>Transfers: RAD conversions</td>
<td>($5,859,790)</td>
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<td>Write-offs: Passport Res. LP Notes</td>
<td>($2,975,180)</td>
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<td>Net Income/(Loss)</td>
<td>($9,236,330)</td>
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Section 8
Section 8

- Programs Include 4,040 units:
  - Housing Choice Voucher (3,858 Authorized Units)
  - Project Based Housing Choice Vouchers (127 units included in above totals)
  - Mainstream Vouchers (100 Units)
  - Moderate Rehab Programs (82 units)

- Housing Assistance Payment (HAP) to private landlords of approximately $21.8M (pass-thru) is not included as part of this operating budget
Section 8

- Revenue includes:
  - Earned Administrative Fees (3,735 units included in estimated funding; Proration of 77% estimated for 2017 and 2018)
  - Fraud Recovery
  - Grants (Family Self-Sufficiency)
  - Investment Income
  - Other

- Expenses include:
  - Administrative
  - Resident Services
  - Maintenance
  - Insurance/Other
Section 8

<table>
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<td>Net Income/(Loss)</td>
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Central Office Cost Center
Central Office Cost Center

- Agency overhead broken down into divisions:
  - Executive Management
  - Accounting
  - Human Resources
  - Information Systems
  - Purchasing
  - Housing Management
  - Supportive Maintenance
Central Office Cost Center

• Revenues include:
  - Property Management and Bookkeeping Fees
  - Asset Management Fees
  - Fees for Service
  - Excess Energy Savings
  - Investment Income

• Expenses include:
  - Administrative
  - Maintenance
  - Utilities
  - Insurance
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<td>Operating Transfer In:</td>
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<td>KHDC</td>
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<td>MFH</td>
<td>$205,400</td>
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<td>Net Income/(Loss)</td>
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Knoxville’s Housing Development Corporation (KHDC)
Knoxville’s Housing Development Corporation (KHDC)

• Subsidiary corporation created for entrepreneurial development activities
• Primary non-federal funding source
• Revenue includes:
  - Ownership and lease of non-dwelling and dwelling properties:
    • Dollar General Store
    • Head Start Building
    • 22 Dwelling Units from Passport Homes LP
  - Infrastructure Reimbursement Revenue from City of Knoxville
  - Investment and Other Income
• Expenses include:
  - Administrative
  - Maintenance
  - Utilities
  - Interest Expense
  - Insurance
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<td>Net Income/(Loss)</td>
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Redevelopment
Redevelopment

- Redevelopment agent for local government and public entities

- All direct billable projects are handled as a pass-thru and are not part of this operating budget

Revenue includes:
- Tax Increment Financing (TIF) fees from Knox County
- Other Fees (i.e., other TIF deals, PILOT, Dev. Fees TTAHC)
- Billable Overhead
- Leased Parking Lot Revenue
- Investment Income

Expenses include:
- Administrative Overhead
- Maintenance
- Utilities
- Insurance
Redevelopment

Revenue $320,090
Expenses $123,870
Net Income/(Loss) $196,220
The Manor
The Manor

- 30 year old supportive living facility located in Northgate Terrace
- 41 available units to eligible residents
- Revenue includes:
  - $515 Service Fee
    - Resident paid, some scholarships based upon need
    - Fee coverage includes wellness checks, meals, light housekeeping, laundry and personal response system
  - Investment Income
  - Donations
- Expenses include:
  - Administrative
  - Resident services
  - Maintenance
  - Insurance
The Manor

<table>
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<td>Net Income/(Loss)</td>
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Multi-Family Housing
Multi-Family Housing Properties by FYE 2018
(433 units; rents for additional 793 units)

- Autumn Landing/Nature’s Cove ~ 197 units
- Mechanicsville ~ 48 units (includes 6 mos. initial yr. funds from PH)
- Valley Oaks ~ 48 units (includes 6 mos. initial yr. funds from PH)
- Five Points Sr. Duplexes ~ 20 units (includes 6 mos. initial yr. funds from PH)
- Passport Homes ~ 11 units (6 mos. only)
- Passport Residences ~ 50 units (6 mos. only)
- Verandas ~ 42 units (6 mos. only)
- Five Points Multiplexes ~ 17 units (6 mos. only)
- Contract Rents (In and Out) for the following LPs:
  - Five Points 1 LP ~ 90 units
  - Lonsdale LP ~ 260 units
  - North Ridge Crossing LP ~ 268 units
  - The Vista at Summit Hill LP ~ 175 units
Multi-Family Housing

- Second year program for properties moving from Public Housing to Section 8 Project Based Rental Assistance (PBRA) via the Rental Assistance Demonstration (RAD) tool.

- Revenues include:
  - Contract Rents (Housing Assistance Payments (HAP) and Tenant Rents)
  - Other Tenant Related Charges
  - Other Income
  - Investment Income

- Expenses include:
  - Administrative
  - Resident Services
  - Maintenance and Security
  - Utilities
  - Insurance and Other General Expenses
  - Replacement Reserves
<table>
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<th>Amount</th>
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<td><strong>Subtotal</strong></td>
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<td>Operating Transfer to COCC</td>
<td><strong>($205,400)</strong></td>
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<td><strong>Net Income/(Loss)</strong></td>
<td><strong>$251,380</strong></td>
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Total Agency Operating Programs

Revenue: $27,780,990
Expenses: $27,269,140
Net Income/(Loss): $511,850
FYE 2018 Estimated Reserves: $27,991,170